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# WASPI's is (mostly) a campaign for inequality

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## Abstract

Women Against State Pension Inequality (WASPI) has mounted a vociferous campaign for full compensation to be given to '1950s women' who, it argues, have suffered severe financial hardship as a result of the rise in their state pension age from age 60. That campaign has gained significant political traction, with much sympathy expressed for the plight of those affected and acceptance (most notably by the Scottish National Party and the Labour Party) that some form of compensation is urgently needed. But WASPI fails to acknowledge the rise in the state pension age's roots in the fight for women's equality, disregards the fact that the problems experienced by this cohort as they near retirement are faced by both women and men and glosses over the fact that the increase in pension age above 65 applies to both genders equally. Its campaign obscures deeper and more important issues in old-age income replacement..

Women Against State Pension Inequality (WASPI) demands compensation be given to '1950s women' on the grounds that they have suffered severe financial hardship as a result of the rise in their state pension age (SPA) from age 60. That demand has gained significant political traction. But to see the problems faced by such women in terms of gender is to ignore the roots of the rise in SPA in the fight for women's equality and to disregard the fact that the problems faced by this cohort as they near retirement are mostly problems faced by both women and men.

WASPI's cause has been widely publicised and embraced by a number of Labour and SNP MPs. The early running was made by the then Labour shadow pensions minister, Nick Thomas-Symonds, though since his replacement in early-2016 the parliamentary baton has passed to the SNP (with Maihri Black leading the charge).

WASPI argues that an 'injustice' has been created by changes to women's state pension ages; reforms that affect 'all women born in the 1950's', numbering about 2.5 million.<sup>1</sup> WASPI has moderated its attack somewhat since its early days and now says on its website that it agrees with the equalisation of women and men's state pension ages inaugurated by the 1995 Pension Act but 'does not agree with the unfair way the changes were implemented – with little/no personal notice (1995/2011 Pension Acts), faster than

promised (2011 Pension Act), and no time to make alternative plans.’ The result, argues WASPI is that the retirement plans of 1950s women ‘have been shattered with devastating consequences.’

To correct that injustice, WASPI demands that such women be provided with a ‘bridging’ pension to provide an income between the ages of 60 and the new SPA, compensation that would not be means-tested, and which would be back-dated to recognise ‘losses for those women who have already reached their SPA.’ In November, WASPI explicitly rejected a Labour proposal to provide means-tested assistance to women affected.<sup>2</sup>

But how robust is the claim that women born in the 1950s are being discriminated against? To answer that question we have to look back at the history of the UK’s state pension age, and of attempts first to equalise it with men and then to raise it as a way of dealing rising longevity in UK society and the rising cost of the state pension system.

### The fight for equality in SPA

Different SPAs for men (65) and women (60) were first instituted in 1940, replacing the earlier age of 65 which had applied equally to both sexes since 1925 (previously set in 1908 as age 70). The institution of unequal SPAs at this point has been seen mainly as a consequence of successful campaigning by unmarried women (who had been badly treated by the 1925 Act) and by those concerned by low levels of participation in the workforce amongst older women – mainly because of caring for elderly parents or becoming unemployed due to what we would now call ‘burn-out’ – with knock-on effects on pension entitlement because it degraded their national insurance contribution record.<sup>3</sup> Other explanations have also been advanced including the ‘goodwill and sentiment created by the contribution of women to the war effort’, the fact that at the time men used to marry women about five years younger than themselves, and now long-outdated and disproved assumptions that the so-called ‘fairer sex’ was less physically robust.<sup>4</sup>

Whatever the reason for its institution, the 1940 gender-based approach to the SPA was subsequently embraced by Beveridge and was continued by postwar governments despite periodic concerns being expressed about the cost of paying an extra five years of pension to women (and, of course, foregoing the tax and national insurance contributions that would have flowed from their remaining in work).

Increasingly, however, gendered SPAs looked out of step with the times. From the late-1960s the women’s liberation movement began its highly effective campaign for women to be treated equally, not least in the workplace. As politicians responded to that through legislation such as the 1970 Equal Pay Act and the 1975 Sex Discrimination Act questions began to be raised about the necessity for SPA to vary according to gender.

Not surprisingly, whenever the need for different SPAs was questioned, the preference amongst politicians was to equalise downwards to age 60. For example, Barbara Castle floated such a proposal in the late-1970s, but the cost of providing pensions to men at 60 (estimated even in 1977 at £1.6bn p.a.) was judged to be so high as to preclude reform.<sup>5</sup>

An alternative ‘split the difference’ approach was recommended in 1977 by the Equal Opportunities Commission (established by the 1975 Sex Discrimination Act and now called

the Equality and Human Rights Commission).<sup>6</sup> But its proposed equalisation of the SPA at age 63 still involved significant costs (because of differential workforce participation, a cost-neutral equalisation was thought to require setting the SPA at age 64.5). At a time when planned public spending was already under significant pressure as a result of a ballooning Public Sector Borrowing Requirement those higher costs were judged infeasible. Consequently, once again, the proposal went nowhere.

Likewise, in 1983 the House of Commons' Social Security Committee concluded that equalising the state pension age by reducing men's SPA to 60 was out of the question (a common SPA of 60 would have cost £2.5bn a year at 1983 prices). It too recommended a common SPA of 63 as a compromise.<sup>7</sup> Once again, however, that approach was not taken by the government which, despite the attraction of moving a large number of older men out of the workforce at a time of high unemployment, balked at the financial cost of allowing men to retire two years earlier (£500 million a year at the time, net of the savings that would flow from the higher women's SPA). Instead, as the previous government had done, it chose to stick with the 60/65 differential SPA as a minimum age of retirement and work towards the introduction of flexibility, along with incentivising people to work for longer.<sup>8</sup>

Up to the mid-1980s, therefore, the issue of equalisation had been consistently ducked. As her Central Policy Review Staff pointed out to Mrs Thatcher in 1983, the 'historical anachronism of the lower retirement age for women' provided 'a vivid illustration of how much easier it is to confer a benefit than it is to take it away.'<sup>9</sup>

Political vacillation on the issue of equalising pension ages was, however, increasingly untenable in the wake of the ruling by the European Court of Justice in 1986 that the UK's gendered approach to retirement ages was incompatible with the 1976 European Commission's Equal Treatment Directive, which had required 'progressive implementation' of equalisation of pension rights.

It tends to be forgotten that this landmark European Court ruling related to a case brought against HM Government by a woman. She had complained that the Area Health Authority for which she worked required her to retire at the age of 60, despite her desire to go on working – an indicator that the changing world of work was leading at least some women to resent the different treatment they were still subject to when it came to pensions.

Nonetheless, the legislative response, the 1986 Sex Discrimination Act, concentrated on retirement ages in occupational pension schemes and left the differential SPA intact. There then followed a definitive ruling by the European Court of Justice in 1990 that occupational pensions amounted to deferred pay and thus men and women must be treated equally.<sup>10</sup> That made the continuing existence of gendered SPAs look even more out of date. Nonetheless, it was not until the 1995 Pensions Act that the government finally grasped the nettle and addressed the issue.

### Equalising and raising the SPA

Not surprisingly, given the long history of failed attempts at equalising downwards, the 1995 Pension Act did not take the politically attractive but crippling expensive course of equalising the SPA by moving men's SPA downwards to 60. This was more than just a

product of the costs of such a concession, for the government was by this stage also becoming concerned about the looming costs of rising longevity and the need to pay state pensions to the large number of baby boomers who would be retiring from the early twenty-first century onwards.

Instead, the 1995 Act set out a phased timetable of monthly increases in the women's SPA. However, fears about the political costs of such reform produced a much longer transition period than had originally been envisaged. Whereas the then Chancellor, Ken Clarke, had promised in November 1993 that the SPA would be equalised at 65 over a ten-year period between 1995 and 2010, the 1995 Act adopted a much slower timetable, phasing the increase between April 2010 and 2020.<sup>11</sup> Thus full equalisation would not be achieved for a quarter of a century.

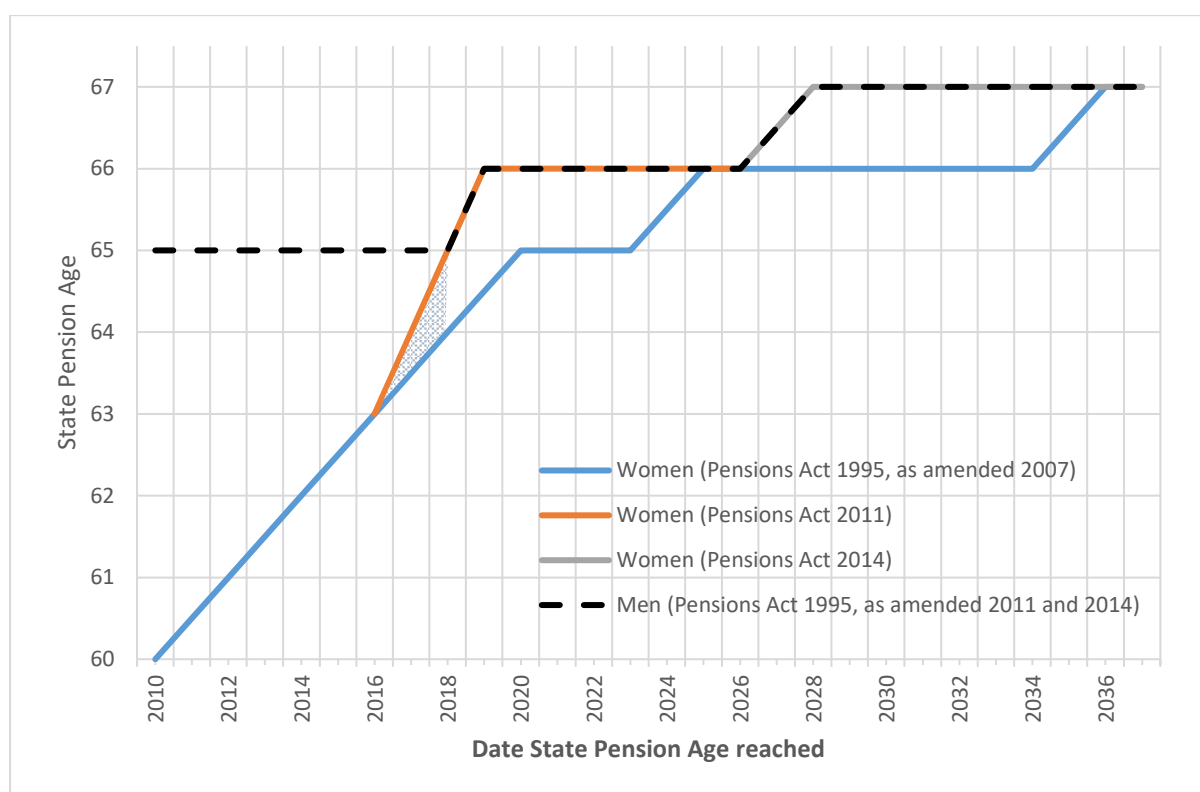
The leisurely timetable for raising women's SPA set out by the 1995 Act did not, in the event, survive unscathed. In 2007, as a response to the continued and apparently unstoppable rise in longevity (which, however welcome to the individual, continued to increase the prospective cost of providing both state and private pensions), the government instituted a planned rise in the future joint male/female SPA – it would move first to 66 from 2024 and then gradually to 68 by 2046.

A subsequent acceleration in the pace of the transition both to equal SPAs and then to higher pension ages for all was then instituted by the coalition government in 2011. This was entirely consistent with the 'austerity' agenda of that government, being driven by the perceived need to reduce the government's public spending deficit in the wake of the marked increase in public debt produced by action to deal with the 2008 financial crash.

The 2011 Act's acceleration in the phased equalisation of SPA affected women born after 6 April 1953. From April 2016, when the women's SPA was already planned to reach 63, the pace of change would increase and it would now reach 65 in November 2018, meaning that a woman born between 6 November and 5 December 1953 would find herself retiring 16 months earlier than the date set out in the 1995 Act.

In addition, the acceleration would continue thereafter, with the now joint SPA for both men and women planned to rise to 66 by October 2020 (with the effect that a woman born in the 1955-56 fiscal year would find herself retiring six years later than she would have envisaged before 1995, and a man one year later).

Then, in 2014, another Pensions Act was passed that brought forward the phased increase in the joint SPA to 67 by eight years. It would now begin to rise from 66 in 2026 and move in monthly increments to 67 by 2028.

**Figure 1 – State Pension Ages, 2010-36**

Source: House of Commons Library Briefing Paper CPB-07405 (1 Dec 2016) with author's additions.

### **'1950s women': discrimination?**

The WASPI campaign argues forcefully that women born in the 1950s have been profoundly hit financially first by the 1995 raising of their pension age from 60, by the 2011 acceleration in the timetable for it to rise to 65 (to be achieved now by 2018), and by the 2007 increase above 65 which was then accelerated by the 2011 Act. WASPI's proposed compensatory solution is a 'bridging pension' to provide all such women with an income up until their new designated SPA. 'We do not ask for the pension to revert back to age 60' states WASPI on the front page of its website. Though, of course, the effect of its proposed compensation in effect would be exactly that for this cohort of women.

WASPI, which was set up in 2015, has had considerable success both in generating publicity and in gaining political support. As the front page of its website notes, WASPI has over 140 local groups across the country, its Facebook site has had over 53,000 'likes', and it easily exceeded the threshold for generating a parliamentary debate when its petition gained 193,186 signatures within six months. As a recent House of Commons Library briefing note observes, the issue it has highlighted has been debated in Parliament on several occasions and an all-party group on state pension inequality for women has been set up to campaign for compensation for such women.<sup>12</sup>

WASPI's case proceeds from the claim that '1950s women' have been unfairly treated by both the 1995 and 2011 legislation. A report by the House of Commons Work and Pensions Select Committee in March 2016, which took evidence from WASPI amongst others, supported its argument. MPs noted that they had been 'overwhelmed by correspondence in this age group who consider themselves disadvantaged'.<sup>13</sup>

The Work and Pensions Select Committee was extremely critical of the government's failure to communicate directly with such women both in 1995 and subsequently. It found that until the sending out of 1.2 million personalised letters in the two years after April 2009 those affected were only provided with information on request. But it also noted evidence from many women who had not received personal letters because HMRC did not have their latest address. There can be no doubt that many women were shocked to receive notice of the rise in their SPA.

Yet, more than 40 years on from the 1975 Sex Discrimination Act it is hard to see why such women (most of whom had entered the labour market in the late-1960s and 1970s against a background of widespread campaigning for women to be treated equally to men) should have expected to retire five years earlier than a man. Moreover, whilst the women affected may not have been written to personally in 1995, the planned increase was extensively reported and its implications discussed in the media during the lead-up to and aftermath of the 1995 Pensions Act.<sup>14</sup> The *Financial Times* pensions correspondent, Josephine Cumbo, submitted to the DWP Select Committee a list of 600 such newspaper articles published between 1993 and 2006, with 54 in 1995 alone.<sup>15</sup> It should also perhaps be noted that it is common for changes, both immediate and prospective, to be made by government that have implications for financial planning but which are not communicated directly to those affected.

There seems to be a fairly general agreement (even by those who are sceptical of WASPI's wider demands) that WASPI is on stronger ground when it comes to its complaints about the 2011 legislation and its acceleration of the equalisation process and of the further rise in the SPA to 66.<sup>16</sup> In the case of the acceleration in the staged rise towards 65, which affected a relatively small cohort of women who were born between 6 April and 5 December 1953, WASPI have a point. This cohort (indicated by the hatched grey triangle in Figure 1) was given only 5 to 7 years notice of their higher retirement age, potentially leaving too little (or even no) time for many to make the necessary plans and financial arrangements especially those who had retired early assuming the earlier timetable for SPA increase.

Yet WASPI's case when it comes to the 2011 Act's accelerated raising of the SPA towards 66 (which affected women born after 6 December 1953) is again questionable – because that rise applied to men and women equally (the 2014 Pension Act subsequently instituted a staged rise to 67 for both women and men born between 6 April 1960 and 6 March 1961). In this case the 'W' in WASPI is both superfluous and discriminatory. It might certainly be the case that relatively little notice of the accelerated higher pension age for both sexes was given, but to campaign for compensation to be extended to '1950s women' alone would be a clear case of illegal gender discrimination.

Furthermore, WASPI's proposal for full compensation to be given to all '1950s women' would effectively mean these women having a SPA of 60 (whatever claim to the contrary is

made by WASPI). To provide such compensation would be both discriminatory both between different genders and different generations – creating a cliff-edge, with the whole increase from 60 to the new equalised SPA of 67 faced entirely by younger women (a point made trenchantly by Frances Coppola in a 2015 blog post).<sup>17</sup>

This is not to say that ‘1950s women’ who are not in employment, who are earning very low wages, or who feel ‘too old and tired to do my job effectively’ after a long working life (as one woman put it to the Select Committee) are without problems. In fact, they face very significant financial challenges, not to mention the humiliations and complexities of the UK’s byzantine and profoundly ungenerous system of welfare benefits. But it is important to note that all these issues are also faced by men of the same age. It is hard to see why the financial problems of such women should be addressed but not those of men in the same cohort.

## Conclusion

In short, WASPI’s campaign amounts to little more than the pleading of a special interest group of women who were unaware of their new pension age despite widespread reporting and public discussion of the increase and a very long period of phased transition. Some of this undoubtedly flows from a strong sense of grievance at having had years of retirement ‘snatched away’ by government. Some flows from the fact that women seem disproportionately ill-informed about pensions (for example, shortly before she became pensions minister Ros Altman in 2015 noted that a YouGov survey had found only 68% of women felt that they were quite well or very well informed about pensions, compared with 82% of men).<sup>18</sup> This relative lack of understanding, ironically, may flow from the delayed and gradual implementation of SPA equalisation (and of subsequent increases) over many years via monthly increments. That pushed the implementation of change for an individual beyond most people’s planning horizon (pension planning is notoriously subject to avoidance by individuals because of its long lead-times and association with future decrepitude). Though done with the best of intentions, it also created a situation in which people born in different months of a year would retire at different ages, thus sowing confusion in people’s minds about what exactly their retirement age was to be.

Much of WASPI’s case, however, ignores the roots of the present problem in equalisation of the SPA and in a need for society to cope with rising longevity. Raising the SPA above 65 to cope with demographic change was a political decision with which one may or may not agree but it was the product of democratic debate and of genuine issues around financing a state pension that is paid by the current contributions of workers not by past contributions; and we should remember that the impact will be borne equally by men and women. The earlier equalisation of the SPA flowed from a three-decade long campaign for equal treatment of men and women in the workplace that is still under way after half a century. It is hard to see why ‘1950s women’ (with the potential exception of the relatively small number affected by the 2011 Act’s acceleration in the rise to 65) should receive financial help not provided to men. In this sense WASPI’s campaign against ‘state pension inequality’ is in fact a campaign for inequality between the sexes and between different generations of women.



There can be no doubt that there are very profound problems for those nearing SPA without the means adequately to support themselves, and it would be good to see Parliament addressing those problems via legislation. The key point, however, is that these are difficulties faced by men and women. WASPI's campaign is almost entirely a distraction from these deeper, more important, and more general issues.

**Disclosure:** the author is a '1950s man' whose SPA will be 66.

## Endnotes

<sup>1</sup> <http://waspi.co.uk>, 3 February 2017

<sup>2</sup> Jack Gilbert, 'Waspi dismisses Labour's proposal for women hit by SPA rises', CityWire, 21 Nov 2016 [<http://citywire.co.uk/new-model-adviser/news/waspi-dismisses-labour-s-proposal-for-women-hit-by-spa-rises/a972387>]

<sup>3</sup> John Macnicol, *The Politics of Retirement in Britain, 1878-1948* (Cambridge: Cambridge University Press, 1998) at 308-11.

<sup>4</sup> House of Commons Social Services Committee, Third report 1981-2 (HC 26), 'Age of Retirement, Nov 1982.

<sup>5</sup> DHSS (1978) 'A Happier Old Age: A Discussion Document on Elderly People in our Society', para 3.13.

<sup>6</sup> Equal Opportunities Commission (1977) 'Sex Equality and the Pension Age – A Consultative Document'.

<sup>7</sup> HC 26, Social Services Committee third report, Nov 1982.

<sup>8</sup> Cmnd 9519, 'Reform of Social Security' green paper, June 1985, paras 1.19-1.21.

<sup>9</sup> The National Archive: PREM 19/1004, 'Pensions Issues and Policy: A Paper by the CPRS', April 1983.

<sup>10</sup> Djuna Thurley and Richard Keen, 'State pensions age increases for women born in the 1950s', House of Commons Library, Briefing Paper CBP-07405, 1 December 2016. [via <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7405>]

<sup>11</sup> HC Debs, 30 November 1993, col. 929.

<sup>12</sup> Thurley and Keen, op cit.

<sup>13</sup> House of Commons Work and Pensions Committee, Seventh Report 2015-16 (HC 899), 'Communication of State Pension Age Changes', 14 March 2016.

<sup>14</sup> See, for example, 'Plan ahead and have the time of your life', *Daily Express*, 26 Jan 1994; 'A plan that's right up your street', *The People*, 17 July 1994; 'Your guide to Euro pension victory', *Daily Mirror*, 30 Sept 1994; 'Joint pension age by 2020', *Evening Standard*, 16 Nov 1994; 'Retirement pension age for women to be raised to 65', *Daily Telegraph*, 17 Nov 1994; 'The daunting outlook on women's pensions', *Herald*, 12 Jan 1995; 'Poor prospects for women's pension', *Times*, 23 Jan 1995; 'Women fight to get equal rights to a fair pension', *Daily Mail*, 25 Jan 1995; 'What to expect when you're 65', *Observer*, 12 Feb 1995; 'The female factor and pension planning', *Daily Record*, 22 March 1995.

<sup>15</sup> <http://www.publications.parliament.uk/pa/cm201516/cmselect/cmworpen/899/899.pdf>, p. 12.

<sup>16</sup> For example, John Ralfe, 'Personal view', *Daily Telegraph*, 25 Jan 2016 [available via <http://johnralfe.com>]; and Frances Coppola, 'The WASPI campaign's unreasonable demand', Coppola Comment blog, 31 Jul 2016 [<http://www.coppolacomment.com/2016/07/the-waspi-campaigns-unreasonable-demand.html>].

<sup>17</sup> <http://www.coppolacomment.com/2015/12/here-i-stand-i-can-do-no-other.html>, 29 Dec 2015.

<sup>18</sup> Ros Altman website [<http://www.rosaltmann.com/ILC-EY-Keyresearch140115.html>]. The full research report is at [http://www.ilcuk.org.uk/index.php/publications/publication\\_details/making\\_the\\_system\\_fit\\_for\\_purpose](http://www.ilcuk.org.uk/index.php/publications/publication_details/making_the_system_fit_for_purpose).